Scott. II-27—50,006—23-11-42.

(1944) Department

closed.

SERIES.

HK.
6/10/44 sipdt

G.O. No. 2673

Dated 23-9-1944

[Despatch Abstract.]

Electricity - Mangalore Electric Licence - Accounts and audit report for 1942-43 - Recorded with remarks.

Department

From (Name) T.J.Virchandani,

Designation Chief Electrical Inspector to Government,

Station Chepauk, Madras.

Received 23 SEP 1944 Registered

To W 2158

The Secretary to Government,
Public Works Department,
Fort St.George, Madras.

Enclosures:

No. 3074 D/43-7 dated 18th September 1944.

Sir,

Sub: Mangalore Electric licence - Accounts for 1942-43.

I forward herewith a copy of the statement of accounts of the Mangalore Electrical Undertaking for 1942-43, audit report and bill of charges for Government audit.

2. The accounts have been scrutinized and the following remarks are submitted.

3. The accounts under review relate to the 10th year of operation.

4. The important features of working are as extracted below:-

		1941-42.	1942-43.
1.	Total capital expenditure to the end of	Rs. 8,71,351	Rs. 8,71,655
2.	Total operation and maintenance expenditure.	Rs. 1,90,249	Rs. 2,03,525
3.	Total expenditure against revenue	Rs.2,08,375	Rs. 2,19,460
4.	Revenue from electric supply	Rs. 2,11,106	Rs. 2,11,331
5.	Total revenue from working	Rs. 2,28,067	Rs. 2,29,420
6.	Gross Profit + or -	Rs. 36,840	Rs. 24,738
7.	Net profit for the year + or -	Rs. 19,692	Rs. 9,960
8.	Net profit from General Balance Sheet + or -	- Rs. 1,35,096	- Rs. 1,25,136
9.	Cost per unit generated.	0.72 as.	0.83 as
10.	Working cost per unit generated.	1.96 as.	2.25 as
11.	Working cost per unit sold	2.41 as.	2.71 as
12.	Total units generated	16,99,266	15,60,050
13.	Total units sold	13,82,061	12,93,733
14.	Total number of consumers.	1,841	1,862
15.	Maximum demand in K.W.	685 K.W.	685K
16.	Dividend declared on ordinary shares.	---	---

5. The auditor's bill for Rs.50/- for Government audit is the same as last year's and is recommended for payment by the licensee.

No.III - Capital Account.

6. A sum of Rs.453-12-9 representing a portion of the salaries of Engineers is reported to have been charged to "capital" on a time basis. The total cost of completed capital works for 1942-43 (as per No.III - Capital Account) is Rs.1,553-1-3 only (Mains Rs.1,248-11-0 + service connections Rs.304-6-3) as per para 6 of G.O.No.1383 dated 4-6-1941, upto 15% of this amount i.e. Rs.232-15-6 only may be capitalised. The licensee may therefore be advised to write back the sum of Rs.220-13-3 representing the amount capitalised in excess over the 15% limit to "Revenue" in the accounts for 1943-44.

7. Although 31 new metered services were reported to have been given during the year under review, no debit has been raised against the item "To Meters and fees for certifying

under the Act". Regarding this, the licensee has reported that meters are debited to the relative Capital Account when they are purchased and although there were new connections during the year no new meters were purchased in that period It is desirable that additions to Capital Account, should be made only in respect of new meters and when they are actually utilised for capital works. It is suggested that all meters purchased should in the first instance be brought to account under a suspense head of account "Stores on Hand" on the assets of the General Balance Sheet. When the meters are actually utilised for capital works, the stores account should be credited and a corresponding debit made to the head "Meters and fees for certifying under the Act". This is the general practice adopted by a majority of the licensees. For the sake of uniformity at least, I would suggest that this procedure may be commended to this licensee also for adoption.

p13-15 inf a — No.IV - Revenue Account. — p13 inf a

8. On the credit side of No.IV - Revenue Account, the following items have been exhibited as "receipts" for the year under review.

By rental of service lines.	Rs. 653 10 0.
By rental of machinery	Rs. 267 8 0

The conditions and rates of supply approved by Government do not contain any provision for hire of electrical plant and appliances. The transactions pertaining thereto therefore do not come within the purview of the licence under the Indian Electricity Act. The receipts thereunder should therefore be ~~debited~~ deleted from No.IV - Revenue Account.

p13 & 40 1977 P.W. 12-7-44 (I) p2-4 of 2571 P.W. 13-7-44 (V)

9. Regarding the exhibition of the item "Service connections", I would state that the remarks submitted by me in para 11 (a) and 11 (b) of U.O.No.3248/43-P dated 15-6-44 in the case of Tinnevelly-Tuticorin Accounts for 1942-43, and paras 10 (a), 10 (d) and 10 (f) of this office letter No.3007 D/43-8 dated 23-8-44 over Salem-Erode Accounts for 1942-43, apply equally to the accounts of this undertaking also with the exception that the figures exhibited on the Debtor side and credit sides of this item are respectively Rs.1,839-11-4 and Rs.1,758-13-8.

p17 inf a — No.V - Net Revenue Account. 'A' on p17 inf a

10. On the credit side of this account, a sum of Rs.1,143-1-6 has been exhibited under "Sundry Sales". The licensee has stated that the net income from Sundry sales includes in addition to the surplus on normal small sales, the profit realised from business undertaken by the company to obtain motors, plant etc. for consumers. The undertaking of business by the electric licensee to obtain plant, motors etc. for consumers and the realisation of profit thereof does not constitute business of an electric licensee under the provisions of the Indian Electricity Act. The conditions and rates of supply of the licensee approved by Government do not contain any provision authorising the receipt of fees for these services. The transactions pertaining thereto should therefore be debited from the accounts submitted to Government under the Indian Electricity Act.

p19 inf a — General Balance Sheet. 'B' on p3 inf a

11. The following items may be written off in easy instalments in accordance with sub para 3 of para 7 of G.O.No.1383 P.W.D. dated 4-6-1941, when profits permit.

1) By preliminary expenses awaiting adjustment.	Rs.	~~5,55,85 12-0~~ 5,55,585-12-0
2) By development expenses	Rs.	3,509- 1-5
3) By expenditure on debenture issue	Rs.	6,645- 0-8

LOVELOCK & LEWES,
CHARTERED ACCOUNTANTS.

REGISTERED ACCOUNTANTS
UNDER
THE INDIAN COMPANIES ACTS.

TELEGRAPHIC ADDRESS:- 'VELOX' CALCUTTA.
TELEPHONE No. 750 (2 LINES).
BENTLEY'S CODE.

4, Lyons Range,
Calcutta.

29th November 1943.

The Secretary to the Government of Madras,
Public Works & Labour Department,
M A D R A S.

Dear Sir,

We have examined the Statement of Share Capital Appropriation and Forms numbered II, III, IV, V, VI, VII and VIII, which relate to the accounts of the Mangalore Electric Supply Co. Ltd., with the books and vouchers for the year ended 31st March 1943.

SERVICE CONNECTIONS.

The expenditure chargeable to consumers on this account has been debited in the Revenue Account in accordance with the instructions contained in Circular G.O. No. 2732W dated 13th December 1934. In the Accounts published to the Shareholders this expenditure has been capitalised. Depreciation written off expenditure on Service Connections is calculated on the capitalised expenditure shown in the Accounts published to the Shareholder

For your information we enclose a copy of the published Accounts of the Mangalore Electric Supply Co. Ltd. for the year ended 31st March 1943.

Subject to the above remarks, we find that the Accounts have been properly maintained in the Forms referred to in Rule 36(3) of the Indian Electricity Rules of 1937, and we are satisfied that only those items which properly belong to the Capital Account have been debited thereto, and nothing has been charged to the Revenue Account which may be properly debited to Capital Account.

Yours faithfully,

Encl:-
M.

29th November 1943.

The Secretary to the Government of Madras,
Public Works & Labour Department,
M A D R A S.

Dear Sir,

We have examined the Statement of Share Capital Appropriation and Forms numbered II, III, IV, V, VI, VII and VIII, which relate to the accounts of the Mangalore Electric Supply Co. Ltd., with the books and vouchers for the year ended 31st March 1943.

SERVICE CONNECTIONS

The expenditure chargeable to consumers on this account has been debited in the Revenue Account in accordance with the instructions contained in Circular G.O. No. 2735W dated 13th December 1934. In the Accounts published to the Shareholders this expenditure has been capitalised. Depreciation written off expenditure on Service Connections is calculated on the capitalised expenditure shown in the Accounts published to the Shareholders

For your information we enclose a copy of the published Accounts of the Mangalore Electric Supply Co. Ltd. for the year ended 31st March 1943.

Subject to the above remarks, we find that the Accounts have been properly maintained in the Forms referred to in Rule 36(3) of the Indian Electricity Rules of 1937, and we are satisfied that only those items which properly belong to the Capital Account have been debited thereto, and nothing has been charged to the Revenue Account which may be properly debited to Capital Account.

Yours faithfully,

Encls:-
M.

TELEGRAPHIC ADDRESS:- "VELOX" CALCUTTA.
TELEPHONE No 750 (2 LINES).
BENTLEY'S CODE.

LOVELOCK & LEWES,
CHARTERED ACCOUNTANTS.

REGISTERED ACCOUNTANTS
UNDER
THE INDIAN COMPANIES ACTS.

4, Lyons Range,
Calcutta.

29th January 1944.

Mangalore Electric Supply Co. Ltd.,
Calcutta.

Dr.

TO LOVELOCK & LEWES.

To Our fee for Government Audit for the year ended 31st March 1943 — Rs.50. 0. 0

Rupees Fifty only.

Received 1-2

Form of Accounts prescribed under the In

[See Section II of the A

MA

The MANGALORE ELECTR

For the year en

No. I.—Statement of Share Capital appropriated for the purposes of the und

Description of Capital.	Authorised by	No. of shares subscribed.	Nominal amount of share.	Called u
1,00,000 Shares of Rs 10/- each	Memorandum of Association	56,000	Rs 10/-	Rs 1

No. II.—Statement of Loan Capital appropriated for the purposes of the und

Description of Loan.	Amounts Borrowed.		
	At per cent.	At per cent.	At per cent.
First Mortgage Debentures	5%		

The

In terms of our letter of even date.

Anderson & Mu

Chartered Accountants.
Registered Accountants.

Calcutta,
29th November 1943.

an Electricity Act, 1910. for Companies.

AND RULE 36 (3).]

ALORE **ELECTRIC LICENCE.**

SUPPLY **Company, Limited.**

ıg 31st March 1943

ıking authorised by the above mentioned licence at the end of the year.

er share.	Total paid-up.	Subscribed not paid-up.	Remaining unallotted.	Total amount at
	Rs 5,60,000	nil	44,000	Rs 10,00,000

king authorised by the above mentioned licence at the end of the year.

Total.	Remaining borrowing powers.	Total amount of borrowing powers.	
Rs 2,75,000		Rs 2,75,000 (Authorised by G.O. No.Mis.2825 W d/ 28.12.34)	

For and on behalf of
ngalore Electric Supply Co.Ltd.
OCTAVIUS STEEL & CO.LTD

DIRECTOR
MANAGING AGENTS

No. III.—CAPIT

For the year ending

	Expenditure up to end of previous year.	Expended during the year.	Total expenditure to 31st March 19
1. To preliminary expenses (to be specified):—			
2. To lands including law charges incidental to acquisition	11289- 6-6		11289- 6-6
3. To buildings	153924-10-0		153924-10-0
4. To plant	239155-12-8		239155-12-8
5. To mains	277591- 7-10	1248-11-0 -1333-13-10	277506- 5-0
6. To service connections	25211- 2-1	304- 6-3	25515- 8-4
7. To transformers, etc.	47712- 6-8		47712- 6-8
8. To meters, and fees for certifying under the Act	40871- 9-4		40871- 9-4
9. To general stores	8555-11-3	155- 0-0 - 70- 0-0	8640-11-3
10. To special items (to be specified):—			
Public lamps	18503- 3-8		18503- 3-8
Loose and fixed tools	12800- 6-9		12800- 6-9
Furniture and fittings	2930- 6-0		2930- 6-0
Motor car and cycles	8804- 8-0		8804- 8-0
Motor and Auxiliary Gear on hire ...	2002-14-0		2002-14-0
Mains, Street Lighting Extensions.	21997- 9-10		21997- 9-10

In terms of our letter of even date.

Rowlatt & Mann

Chartered Accountants.
Registered Accountants.

Calcutta,
29th November 194

Total expenditure ...	871351- 2-7	304- 3-5	871655- 6-0
To balance of Capital Account			
	871351- 2-7	304- 3-5	871655- 6-0

. ACCOUNT.

1st March 1943

	Receipts up to end of previous year.	Received during the year.	Total receipts to 31st March 19
ordinary shares of Rs 10/- each fully paid in cash. ...	560000-0-0		560000- 0-0
Ditto			
preference shares of			
debenture stock			
st /mortgages ~~and bonds~~ Debentures ...	275000-0-0		275000- 0-0
amounts received in anticipation of calls ...			
other receipts (to be specifiied)			
forfeited shares	75-0-0		75- 0-0
			835075- 0-0
Balance			36580- 6-0
			871655- 6-0

For and on behalf of
The Mangalore Electric Supply Co.Ltd.
OCTAVIUS STEEL & CO.LTD

DIRECTOR

For the year ending

	A.—Generation.		
1.	To fuel	55326- 5-2	
2.	To oil, waste, water and engine-room stores	8945- 1-6	
3.	To proportion of salaries of engineers, superintendents and officers	3573-12-10	
4.	To wages	5008- 6-5	
5.	To repairs and maintenance as follows:—		
	Buildings	1163- 6-3	
	Plant	4793-15-1	
6.	Proportion of provident fund contributions	1033- 0-8	
7.	Proportion of Resident Engineer's commission	998- 5-0	80642- 4-11
	To special items (to be specified)		
	B—Distribution.		
1.	To proportion of salaries of engineers, superintendents and officers	3573-12-10	
2.	To wages	6821- 6-7	
3.	To repairs, maintenance and renewals of mains	1675-15-6	
4.	To repairs, maintenance and renewals of transformers, etc. ...	746-13-3	
5.	To repairs, maintenance and renewals of meters, switches, cut-outs and other apparatus on consumers' premises ...	1436- 0-4	
6.	To repairs and maintenance of station lighting	140- 9-4	
7.	To repairs and maintenance of house services	496- 8-8	
8.	To repairs and maintenance of fans and motors		
9.	To repairs and maintenance of instruments and tools ...	74- 4-3	
10.	To proportion of provident fund contributions	546- 0-4	
11.	To proportion of Resident Engineer's commission	998- 5-0	
12.	To proportion of motor car maintenance	1113-14-0	17623-10-1
	C.—Public Lamps.		
1.	To attendance and repairs	1712- 2-11	
2.	To renewals, etc.	2109- 1-9	3821- 4-8
	D.—Rents, rates and taxes.		
1.	To rents payable	3212-14-8	
2.	To rates and taxes		
	To Electricity Duty Tax.	3282- 7-0	16495- 5-8
	Carried over.		118782- 9-4

ACCOUNT.

1st March 19 43 **Cr.**

By sale of energy for lighting purposes	97410-11-3	
By sale of energy for power purposes	84547-14-0	
By sale of energy under special contracts		
By public lighting	13009-13-0	
By Bazaar Lighting.	16362- 7-9	
By Public Lamps, Maintenance charges recovered.	4383-15-5	
By rental of meters and other apparatus on consumers' premises	10575- 8-0	
By rental of service lines	653-10-0	
By transfer fees	10- 0-0	
By service connections	1758-13-8	
By miscellaneous receipts from consumers	1122-12-9	
By sundry sales and contracts		
By other items (to be specified)		
By Rental of Machinery.	267- 8-0	230103- 1-10
Carried over.		230103- 1-10

Brought Forward.		118782- 9-4
E.—Management Expenses.		
1. To Directors' remuneration	1536- 0-0	
2. To Managing Agents' commission	1465- 9-3	
3. To Managing Agents' allowance	9000- 0-0	
4. To share of Managing Agents' technical staff salaries ...	3351- 0-0	
5. To general establishment charges	13849- 7-11	
6. To proportion of salaries of Engineers, superintendents & officers ...	4765- 1-1	
7. To Auditors of Company	300- 0-0	
8. To Auditor appointed under the provisions of the Act ...	50- 0-0	
9. To proportion of motor car maintenance	371- 4-8	34688- 6-11
F.—Law charges.		
To Law expenses		5- 0-0
G.—Depreciation.		
1. To depreciation in respect of leasehold works		
2. To depreciation in respect of buildings	3956- 3-0	
3. To depreciation on plant	14364-15-0	
4. To depreciation on mains	6939-13-0	
5. To depreciation on transformers, etc.	3578- 7-0	
6. To depreciation on meters	3065- 5-9	
7. To depreciation on general stores	641-11-3	
To depreciation in respect of any other items, to be specified		
Depreciation on house services	3301- 9-0	
Depreciation on public lamps	462- 9-0	
Depreciation on loose & fixed tools	370- 5-0	
Depreciation on furniture & fittings	293- 1-0	
Depreciation on motor car & cycles	820- 5-0	
Depreciation on spare gear	315- 8-0	
Depreciation on Motors Auxiliary Gear on hire	150- 3-0	
Depreciation on Mains Street Lighting Extensions	549-15-0	38809-14-0
H.—Special charges.		
To special items (to be specifiied)		
Insurance	2883- 4-10	
War Risk Insurance.	7891- 2-0	
Service connections	1839-11-4	
Inspection fees	465- 0-0	13079- 2-2
Total expenditure		
Balance carried to net revenue		24738- 1-5
		230103- 1-10

Brought Forward.

230103- 1-10

In terms of our letter of even date.

Price Waterhouse & Co.

Calcutta, 15th November 1943

Chartered Accountants.
Registered Accountants.

For and on behalf of
The Mangalore Electric Supply Co Ltd.
OCTAVIUS STEEL & CO.LTD

DIRECTOR
MANAGING AGENTS

230103- 1-10

V.—NET REVENU

	To Balance from Last Account :—	135095-12-5	1.
1.	To interest on debentures accrued due to date	13750- 0-0	
2.	To interest on mortgages and bonds accrued due to date		Le
3.	To interest on temporary loans accrued due to date	315- 4-9	By
4.	To dividend on preference stock...		
	To income tax on investment income		
5.	To income tax and super-tax paid		
	To interest on Security Deposits	1569-11-6	2.
6.	To balance applicable on Dividend on ordinary stock or shares		3.
	To Debenture Trustees fees.	300- 0-0	
		151030-12-8	

Dr. VI.—RESERVE

1.	Amount paid out (items to be specified)		1.
			2.
2.	Amount of balance to next Account		3.
			(D

Dr. VII.—DEPRECIATI

	To balance	303789-10-5	1.
	Only the depreciation provided on the Assets included in statement No.111 has been carried to the credit of this Account. The value of Spare Gear has been included in the General Balance Sheet after deduction of Rs 315-8-0 depreciation charged in Revenue Account.		2.
			3.
			(I
	In terms of our letter of even date.		
	Anderson & Ross		
	Calcutta, 29th November 1945 — *Chartered Accountants.* *Registered Accountants.*		
		303789-10-5	

BA

ACCOUNT. Cr.

By balance from last account		
Dividend paid		
Amount carried to Reserve Fund ...		
By balance brought from revenue account (No. IV)		24738- 1-5
By interest on investment		13- 8-0
By Sundry Sales.		1143- 1-6
By balance carried to General Balance Sheet		125136- 1-9
		151030-12-8

A

CCOUNT. Cr.

By balance brought from last account	
By amount brought from net revenue account	
By interest on amount invested	
cription of investments to be specified)	

ACCOUNT. Cr.

By balance from last account	265295- 4-5
By interest on investments	
By amount brought from revenue account (see No. IV—G.)	38494- 6-0
cription of investments to be specified)	
	303789-10-5

For and on behalf of
The Mangalore Electric Supply Co.Ltd.
OCTAVIUS STEEL & CO.LTD

DIRECTOR
MANAGING AGENTS

1D

LIABILITIES.

1.	To capital account: amount received as per Account No. III...	835075- 0-0	1.
2.	To sundry creditors due on construction of plant and machinery, fuel, stores, etc.	4280-14-10	2. 3.
3.	To sundry creditors for expenses	15324- 8-1	4.
4.	To net revenue account: balance at credit thereof		5.
5.	To reserve fund account: balance at credit thereof		6.
6.	To depreciation provided	303789-10-5	7.
7.	To special items (to be specified)		8.
8.	To Consumers' Security Deposits	31965- 5-9	9.
9.	To interest on Security Deposits	1569-11-6	10
10.	To Temporary Deposits		1
			1
			1
	TOTAL ...	1192005- 2-7	

In terms of our letter of even date.

Calcutta, 29th November 1943

Chartered Accountants.
Registered Accountants.

ASSETS.

pital account: amount expended for works as per account No. III ...	871655- 6-0
res on hand	41803- 4-1
ıre gear	12304- 7-3
ıdry debtors	21520-14-5
liminary expenses awaiting adjustment	55585-12-0
urities as held (cost price)	500- 0-0
cial items (to be specified)	
at Bankers	43269-12-2
as on hand	2968- 0-5
dance payments	7104- 6-5
evelopment Expenses.	3509- 1-
xpenditure on debenture issue.	6648- 0-
lett Revenue Account, Balance at Debit thereof.	125136- 1-

For and on behalf of
The Mangalore Electric Supply Co.Ltd.
OCTAVIUS STEEL & CO.LTD

DIRECTOR
MANAGING AGENTS

TOTAL ...	1192005- 2-7

THE MANGALORE ELECTRIC SUPPLY CO. LTD.

For the year ended 31st March 1943.

COMPANIES' ACCOUNTS.

No. IX—STATEMENT OF ENERGY GENERATED, SOLD, Etc.

1	Total energy generated in Kilowatt-hours.	1560050
2	Public lamps.	93169
3	Special contract.	
4	Consumers by meter for lighting purposes.	342491
5	Consumers by meter for power purposes.	858073
6	Total.	1293733
7	Kilowatt-hours used on works.	64256
8	Kilowatt-hours not accounted for.	202061
9	Total Kilowatt-hours accounted for	1357989
10	Kilowatts connected for public lamps.	60
11	Total consumers connected.	1862
12	Total Kilowatts connected.	2399
13	Plant installed Kilowatts.	750
14	Maximum supply demanded in Kilowatts.	685

KILOWATT-HOURS SOLD.

For ... Ltd.

The ...

...

67

28/9

Date. Initials.

C.F. 16.

DRAFT FOR APPROVAL.

SUBJECT :—

When received for fair copying ..

When copied ..

When examined..

When signed ..

When despatched.

Electricity - Mangalore Electric Licens Accounts and audit report for 1942-43 Recorded with remarks.

READ AGAIN ....., dated .....

" " ..... 19.....

READ *ALSO* :—

No. ..... From ~~the~~ Messrs Lovelock & Lewes No nil , dated 29.11.1943
Chartered Accountants

" ..... " ..... " ..... " ..... 19.....

" ..... " G.E.I.C. No " 3074-D/43-7 " 18.9.1944

~~Order~~ Ms. ~~Resolution Rout~~. No. 2693 , dated 28/9/ 1944

Recorded.

No III Capital Account.

2 (a) A sum of Rs 453-12-9 representing a portion of salaries of Engineers is reported to have been charg to "Capital" on a time basis. The total cost of complet capital works for 1942-43 (as per No III Capital Account) is Rs 1,553-1-3 only (Mains Rs 1,248-11-(service connections Rs 304-6-3). As per para 6 of Gp No 1383 P.W.D 4.6.41, upto 15% of this amount ie Rs 232-15-6 only may be capitalised. The licensee is therefore advised to write back the sum of Rs 220-13-3 representing the amount capitalised in excess over the 15% limit to "Revenue" in the Accounts for 1943-44.

(b) Although 31 new metered services were reported to have been given during the year under revie no debit has been raised against the item

item "To Meters and fees for certifying under the Act". Regarding this the licensee has reported that meters are debited to the relative Capital Account when they are purchased and although there were new connections during the year no new meters were purchased in that period. It is desirable that additions to Capital Account, should be made only in respect of new meters and when they are actually utilised for capital works. It is suggested that all meters purchased should in the first instance be brought to account under a suspense head of account "Stores on hand" on the assets of the General Balance Sheet. When the meters are actually utilised for capital works, the Stores account should be credited and a corresponding debit made to the head "Meters and fees for certifying under the Act". This is the general practice adopted by ~~a majority of the~~ the other licensees. For the sake of uniformity the licensee is requested to adopt the same procedure in future.

3. No IV Revenue Account.

(a) On the credit side of No IV Revenue Account the following items have been exhibited as 'receipts' for the year under review:—

By rental of service lines	Rs653-10-0
By rental of machinery	Rs267-8-0

The conditions and rates of supply approved by Govt do not contain any provision for hire of electrical plant and appliances. The transactions

pertaining thereto therefore do not come within the purview of the licence under the Indian Electricity Act The receipts thereunder should therefore be deleted from No IV Revenue Account.

6 The entries against the items "Service Connections on the Debtor and Creditor Sides of the Revenue Account should be strictly in accordance with Go No 2732 W d 13.12.1934. The intention of this G.O is that Collections from the Consumers should not exceed by more than 15% the actual expenditure and that this should be easily ascertainable from the accounts. If supervisory charges are distributed they can be exhibited under "2. To wages and gratuities" under B. Distribution under item "3. To general establishment charges."

(* on p30 of G.O. No 2571 P W.D. 13.9.44 (V))

The Govt. therefore, wish to impress upon the licensee that the instructions in G.O No 2732 W d 13.12.34 were issued in exercise of the powers vested in them under the proviso to sub-rule(3) of rule 36 of the Indian Electricity Rules, and that they are therefore Statutory obligations to be complied with by all electric licensees.

(* on p18 [illegible] 1937 (T) and P.W. 30 [illegible] (V))

4 No V Net Revenue Account.

On the credit side of this account, a sum of Rs 1,143-1-6 has been exhibited under "Sundry Sales". The licensee has stated that the net income from Sundry Sales includes in addition to the surplus on normal small sales, the profit realised from business undertaken by the Company to obtain motors, plant etc for consumers. The undertaking of business by the electric licensee to obtain plant, motors etc for consumers and the realisation of profit thereof do not constitute business of an electric licensee under the provisions of the Indian Electricity Act. The conditions and rates of supply of the licensee approved by Govt do not contain any provision authorising the receipt of fees for these

([illegible] para 3(a) [illegible] 29-30 of [illegible] (V))

+ 26

services. The transactions pertaining thereto should therefore be deleted from the accounts submitted to Govt under the Indian Electricity Act.

5 General Balance Sheet. p19 of

The following items may be written off in easy instalments in accordance with ~~sub-para 3 of~~ para 7 of Go No 1383 P.W d 4.6.1941, when profits permit:-

(i) By preliminary expenses awaiting adjustment Rs 55,585-12-0

(ii) By development expenses 3,509-1-5

(iii) By expenditure on debenture issue Rs 6,645-0-8

6 The Govt sanction the payment of a fee of Rs 50 to the auditors for works done on behalf of Govt. The licensee is requested to pay the amount to the auditors as early as possible

BK.
26.9.44. 27.9.44

Vide B on # 30/9

To Messrs Lovelock & Lewes, Chartered Accountants, 4, Lyons Range Calcutta.

Mangalore Electric Supply Corporation (Octavius Steel & Co Ltd Calcutta)

The C.E.I.G (2 copies) C/f for file

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